

**Bulletin  
of the European Communities**

**Supplement 7/73**

**Memorandum from the  
Commission  
on the  
technological and industrial  
policy programme**

(presented to the Council on 7 May 1973)

SEC(73) 1090  
3 May 1973

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**EUROPEAN COMMUNITIES  
Commission**

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## summary

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## Towards the establishment of a European industrial base

1. The establishment of a European industrial base is one of the main aspects of the achievement of economic and monetary union.

2. It presupposes the existence of a single market operating like a national market in which people, goods, services, capital, and companies circulate freely.

A single market of this kind has been only partially achieved for the circulation of goods. To complete the establishment of the domestic market and to consolidate the results which can be obtained, we must set up a Community legal and fiscal framework and carry out all the standardization work which European law will give rise to in this field. This was the first task to be underlined in the final communiqué of the Summit which provided for the removal of technical barriers to trade, the removal of fiscal and legal barriers hindering links and mergers between firms, the speedy adoption of a European company statute and the gradual and effective extension of the right to tender for public supply contracts.

3. The achievement of the new dimensions must be accompanied by back-up and promotion measures for industry as a whole and for certain sectors facing special problems, so that European industry may benefit fully from its new framework and be competitive on the world market.

4. The development of industry must henceforth form part of an overall policy for society, striving to improve the quality of life, working conditions and the environment. In this context, development must be directed more towards satisfying collective needs and attenuating and ultimately resorbing regional imbalances in the Community. This will require the harmonious development of the Community's backward regions and the decongestion of regions which are over-industrialized.

The Community will then be in a position to aim for full employment and a more reasonable use of labour, while ensuring balanced economic growth and the best use of the results.

5. A common industrial policy ensuring a better allocation of resources will also, at the present juncture, help to combat inflation.

6. In achieving these objectives, the public authorities come up against numerous and sometimes contradictory reactions. The Community's industrial policy should take into account the aims of liberalizing world trade and industrializing the developing countries; it should not therefore be aimed at maintaining the old structures but instead at facilitating essential changes. This need for change is particularly accentuated by the rapid progress of scientific and technological research. Furthermore, this evolution has to take place in an increasingly complex social climate in which the workers and their trade unions are called upon to play an ever-growing role not only in the field of employment and wage levels, but also as regards working conditions and participation in management and in the economic options open to firms.

7. The magnitude of the changes taking place, the problems they engender and the uncertainty of future prospects are all factors which, in the absence of a Community industrial policy, could result in uncoordinated national measures and reorganization on an exclusively national scale, thus jeopardizing the benefits that follow from the establishment of the Common Market.

8. Since the essential aim of the Community is to preserve and enrich the fertile pluralism of our society within a framework of growing union, the Community industrial policy cannot and must not be considered as a single policy administered by the Community institutions. It is, and will continue to be, based largely on free enterprise, on agreements freely concluded between workers' and employers' organizations, and on programmes

carried out by regional and national public authorities.

9. Nevertheless, it is essential that joint action be decided upon within the Community institutions to ensure that, in the context of an overall, and not merely a sectoral, balance, all the Member States receive the maximum advantages that membership of the Community can bring for their economic and social development.

10. The first moves towards establishing a European industrial base will be concerned with creating legal and fiscal frameworks to ensure that European firms benefit from the dimension of the common market. The Commission will make full use of Community procedures in this connection.

11. Steps must also be taken at the following decision-making levels:

- in order to develop a framework for approximating, harmonizing and aligning national industrial policies, the Commission will take appropriate steps to establish the necessary contacts between the competent national departments;
- the Commission will continue its regular scrutiny of aids and will propose, if and when necessary, a Community framework for them, paying particular attention to the demands of regional development;
- in order to encourage the development of stronger and more competitive European undertakings, with due regard to the rules of competition, the Commission will make the requisite approaches to firms, both sides of industry and the financial institutions concerned so as to help them to help themselves;
- the Commission considers it necessary to introduce Community financing for certain ventures of technological interest to the Community and the beneficiary firms;

- the implementation of specific policies in certain sectors faced with special problems will call for complex measures: sectoral proposals drawn up by the Commission after approaching all the parties concerned; the adoption of directives and, where necessary, the allocation of funds by the Council, concertation among States, etc.

The different kinds of action listed above are described in the following chapters, in the order in which they were mentioned in the final statement made at the Summit meeting.

## Chapter I

### Removal of barriers to trade

#### Technical barriers

12. For various reasons such as consumer protection, quality requirements for products or the conservation of the environment, each Member State has over the years issued specific regulations for a very large number of industrial products. These regulations often differ from one Member State to the next; they constitute in this way an obstacle to trade, as an undertaking in one Member State wishing to export to other Member States has to adapt its production to the technical regulations of those Member States.

Harmonization of these regulations at Community level should make it possible to remove these barriers.

The Commission will adopt a flexible approach in its search for solutions which it can propose for the approximation of laws. Where the protection of the individual or the environment is at stake, noxious or dangerous products will not be tolerated on the Community market; in all other cases, the Commission does not intend the removal of technical barriers to lead to a narrower range of possibilities open to consumers.

The Community harmonization of laws with regard to technical barriers is not intended solely to remove obstacles to trade within the Community; it will also make it possible to achieve important qualitative aims in the fields of public health and environmental conservation.

The Commission considers that all the technical obstacles which have come to light should be removed in the next five years; the emphasis should naturally be placed on the most important and most serious problems. Priorities must be established on the basis of a realistic

analysis, but it must be possible to amend them in order to deal with any problems which might arise.

13. The Commission is at present drawing up proposals for directives in this field based on Article 100, in accordance with a general programme for the removal of technical barriers. This programme was adopted by the Council in 1969; in 1972 the Commission submitted to the Council a draft supplement thereto which will need to be adopted in the next few weeks.

The Commission is proposing that the set of directives provided for in the general programme and supplement be adopted by the Council before the end of 1977 in accordance with the timetable set out in the annex. This can only be achieved through a considerable speeding up of procedures in the various Community bodies. In order to ensure that the programme is put into effect within the proposed time limit, it would be advisable if the appropriate means were placed at the disposal of the Commission.

14. For its part, the Commission will spare no effort to ensure that after 1974 the number of proposals for directives submitted annually to the Council is doubled, thus bringing the number up to about 25. The Commission intends to lay special emphasis on those sectors which are of particular importance with regard to liberalization of trade, protection of the consumer and conservation of the environment; it also intends to draw up and finalize, within two to three years, proposals on the barriers already detected in these sectors (e.g., motor manufacturing, chemicals, etc.).

15. In a similar vein, the Commission will take steps to ensure the systematic introduction of flexible and speedy procedures for dealing with proposals (the so-called 'adjustment to technical progress' procedure provided for in the Resolution adopted by the Council in 1969). This will enable directives already adopted to be amended in the light of new

developments in the technical field. No difficulties ought to arise in this connection, since this procedure has already been adopted by the Council on numerous previous occasions.

16. The Commission proposes to submit an annual report outlining the reasons for any modification or extension it may make to the timetable originally envisaged for the proposals, particularly in cases where this is justified as a result of legislative measures introduced by the Member States. The Commission will also state its reasons in cases where it decides to re-examine certain proposals already submitted or technically outmoded or where experience has shown that these proposals were presented in an unsuitable form.

#### **Branded pharmaceuticals**

17. It is absolutely essential that steps be taken to guarantee the free movement of branded pharmaceuticals, since this is the only group of products where such restrictions still exist in practice. Free movement is at present hampered by the lack of mutual recognition in respect of marketing licences granted in each Member State. Apart from this, there is the additional problem of mutual recognition of the qualifications of those in charge of manufacturing these products; such recognition is a necessary precondition if freedom of establishment is to be achieved.

#### **Trade control formalities**

18. It is worth drawing attention to the existence of even more barriers to intra-Community trade, notably those arising out of procedures and controls imposed on domestic trade by the Member States concerned. The latter barriers will be dealt with very shortly in a report which the Commission will forward to the Council.

## *Chapter II*

### **The gradual and effective extension of the right to tender for public and semi-public supply contracts in the Community**

19. Products and goods intended to satisfy the needs of the State, its administrative departments, legal persons governed by public law, public undertakings and utilities are still excluded by and large from the free movement of goods. Whereas the level of intra-Community trade in the private sector is regarded as satisfactory (15-35 % of apparent consumption) and is growing at a consistent rate, intra-Community purchases in the public and allied sectors remain low and with very few exceptions do not exceed some 5 %<sup>1</sup>. These markets represent a growing proportion of the Community's industrial outlets (currently running at about 17 %). Consequently, certain sectors which depend on public orders to a large extent e.g., certain advanced technology industries, or wholly, e.g. certain traditional heavy industries, are automatically deprived of the benefits accruing from economies of scale.

20. The measures taken to deal with the situation should be based on the various procedures laid down in the Treaty (Article 30, Article 90, Article 100), but at the same time, where the desired objective cannot be achieved purely on the basis of these legal instruments, provision should be made for the introduction of a series of collateral and additional measures designed to support and complement the abovementioned 'legislative action'.

21. The Commission will continue to see to it that when public supply contracts are awarded by any public authority all 'preferen-

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<sup>1</sup> Cf. Doc. SEC (72) 2601 final and Bull. EC 9-1972, part two, point 66 — Preliminary Memorandum from the Commission to the Council on the situation with regard to the right to tender for public supply contracts.

ces', 'restrictions' biased in favour of national production or regulations prohibiting the supply of goods imported from other Member States are abolished. So as to ensure the normal application of the rules of Article 30 *et seq.* and the Directive on the coordination of procedures for the award of public works contracts, the Commission will not hesitate, where necessary, to initiate the procedure set out in Article 169 of the EEC Treaty.

22. The proposal for a directive based on Article 100 of the Treaty, coordinating the procedures for the award of public supply contracts, which was forwarded by the Commission to the Council on 15 March 1971, contains rules governing publication (notification of contracts in the Official Journal of the European Communities) and also selection of candidates and the award of contracts. Furthermore, it provides for the setting-up of a Consultative Committee to investigate the implementation of the Directive.

With the help of this information the Commission will be able to ensure that Community legislation is complied with. These rules are intended to bring about radical changes in the existing situation and make a decisive breach in the closed system of tenders for public supply contracts. For this reason the Commission is requesting the Council to issue the Directive before the end of the year.

23. This Directive, which relates only to State contracts, will not apply to contracts awarded by public undertakings or by undertakings to which Member States have granted special or exclusive rights; contracts awarded by such undertakings are of considerable economic importance (air and rail transport, telecommunications, the electrical and nuclear industries, etc.), but the range of tenders considered is not sufficiently wide. Furthermore, and as a result of this, certain public contracts have had to be excluded, in the name of equal treatment, from the field of application of the Directive based on Article 100 because certain activities are, depending on the Member State,

exercised sometimes by bodies governed by public law and sometimes by undertakings like those referred to above.

Since the Member States, in view of their special relations with these undertakings, have special responsibilities with regard to their functioning, the Commission intends to adopt between now and the end of 1974 Directives on the basis of Article 90 (3), so that procedures may gradually be instituted to liberalize the awarding of contracts by these undertakings.

24. A whole range of historical or psychological barriers exist which fall outside the scope of the Treaty regulations. These attitudes are symptomatic of an unwillingness to accept the profound changes needed to bring about the economic integration of the Member States as well as ingrained habits, business relations, financial connections and reasons of national prestige, etc. It is absolutely essential in all of these cases to supplement measures introduced by the Community on the basis of the Treaty regulations by effective additional measures designed to ensure perfect transparency in these contracts and to bring about such a change in the attitude of buyers in the public sector as will take account of the European market.

25. Prominence should be given to the informative action which the Community could promote by arranging hearings on problems connected with the extension of the right to tender for public supply contracts. By encouraging frequent bilateral contacts between the large buyers in the public sector and the manufacturers, the Commission could help to clarify objectives, demonstrate the benefits of wider cooperation between companies across national frontiers and stimulate the various interested parties to become involved in the search for appropriate solutions on a European scale.

26. The Commission intends to bring to light the practices engaged in with regard to public supply contracts. Apart from the measures which the Commission considers that it should undertake to abolish the irregular situa-

tions brought to its knowledge in the course of this task, it reserves the right to publish the findings at regular intervals and bring them up for discussion in the European Parliament.

27. The Commission considers it advisable that the Member States be requested to remedy the shortcomings of the existing situation by introducing the instruments necessary to enable it to keep an up-to-date record of precise statistical information concerning public and semi-public purchases.

28. In the case of those public service sectors where it would appear advantageous on technical or economic grounds to establish a joint European network (for instance in the case of railway and telecommunications equipment), the Commission will take steps to encourage the creation of joint companies. These companies would then be responsible, each in its own field and according to methods which would ensure that the rules on competition were observed, for coordinating R & D activities and equipment purchasing policies.

Lastly, the Commission will take the regional and social policy measures necessary to offset any detrimental effects in the industrial employment sector resulting from the extension of the right to tender for public supply contracts.

### *Chapter III*

#### **The promotion of competitive undertakings on a European scale**

The Common Market is being established on a basis of free interplay between competitive forces. There is a tendency, therefore, to equate Community action on industrial structures with competition policy and nothing more. In fact, this basic policy is accompanied by numerous promotional measures relating to company law, taxation and the funding of industrial activities.

29. The industrial policy and the competition policy pursued by the Commission complement each other closely. The intensification of measures to combat cartels and the efforts made to eliminate the abuse of dominant positions are essential to supplement the encouragement that the Community must give to the cross-frontier harmonization of undertakings. Both are aimed at increasing the efficiency of Community industry through structural improvements and the stimulation of competition.

The setting-up of trans-national European undertakings can increase competition. Combinations at national level lead to competition between firms which are supported in various ways by their respective governments and which are often unable to operate at a profit. Trans-national groupings, on the other hand, offer the possibility of combining fair competition and economies of scale.

30. At the same time the Commission has repeatedly indicated its view that it is necessary to provide for a more systematic supervision of combinations of a certain magnitude in order to ensure that effective competition is maintained within the Common Market. In its judgment of 21 February 1973 in the case of the Continental Can Company, the Court of Justice confirmed that the Commission's inter-



pretation of Article 86 was correct: combinations carried out between firms in dominant positions within the Common Market constitute abuse of these dominant positions when they have effect of substantially impeding competition within this Common Market.

Both the Commission and the European Parliament consider, moreover, that it is desirable to provide for prior notification of combinations of a certain magnitude, regardless of the form the combination may take, in order to enable the Commission to take action before a combination is effected which it considers incompatible with the maintenance of competition in accordance with the objectives of the Common Market.

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31. In order to promote competitive undertakings on a European scale, the elimination of legal and fiscal obstacles is necessary. In certain cases, this should be accompanied by financial incentives which will play a part in speeding up the process of reorganizing European industry.

### Legal basis

32. The treaty of Rome contains suitable provisions for the creation of a 'Common Market' identical to a national market, where the decisions taken by economic agents derive only from economic considerations and are not impeded by the differences in national company law for example. Article 54 (3) (g) thereof provides for the approximation of company law; Article 220 subparagraph 3 calls upon the Member States to enter into agreements for the settlement of certain specific problems.

33. Article 235, the use of which, where appropriate, has been recommended by the Heads of State or Government, will make it possible to create new legal forms the necessity of which is recognized by the Community.

### Harmonization of company law

34. The Council adopted a first directive in 1968. The proposals for directives on the setting-up, the capital and internal mergers of public limited liability companies (*sociétés anonymes*) and on the annual accounts of limited liability companies should be adopted by the Council before 1 July 1974. The proposal for a fifth directive dealing with the structure of the organs of public limited liability companies, including worker participation, is still being studied by the European Parliament; as soon as an Opinion has been rendered, the Council should see that it is adopted as soon as possible.

In addition, in 1974 the Commission will propose a directive on law as regards groups of companies and, in 1975, another directive on consolidated balance sheets. The Commission will begin preparatory work on the harmonization of the laws governing private limited liability companies, cooperatives and partnerships.

### Creation of new legal forms

35. The harmonization will allow each national system of company law to retain its identity.

At the same time, it is essential to have new legal forms which allow closer regroupings of interests and are governed solely by Community law. In 1970 with this aim in view, the Commission proposed the institution of a European Company which, together with appropriate fiscal measures, make transnational mergers of companies and the creation of holdings and joint subsidiaries possible.

The Commission, which in due course will make the necessary amendments to its proposal in order to take into account the Opinions of the European Parliament and the ESC, would like the Council to begin discussions on its text immediately after the Parliament has delivered its Opinion and to adopt this proposal as soon as possible.

36. The Commission considered that it was not possible to resolve the problem of the structure of public limited companies in the fifth directive nor that of the organs of the European Company in the 1970 proposal, without dealing at the same time with the question of the workers' role in the undertaking. This is why these texts contain provisions to ensure the representation of the workers in the organs of limited companies. The Commission attaches particular importance to these provisions. It believes that the workers cannot be successfully integrated into the nascent European economic and social organization unless they are kept informed of the conditions in which their firms are operating and developing and unless they participate in the decision-making process, in accordance with suitable procedures.

37. In the course of the year the Commission will forward to the Council a proposal for the setting-up of a 'European Cooperation Group', to provide firms with a flexible legal instrument enabling them to work together to achieve specific objectives.

38. The Council must act quickly on the Commission's proposal to broaden the scope of the Joint Undertaking into non-nuclear fields, in view of the opportunity that this status offers for facilitating cooperation between firms responsible for providing a public service or called upon to undertake major activities of common European interest in the field of technological development.

39. To complement this task of harmonizing and drawing up company law, the Commission is endeavouring to settle a number of practical problems the solution of which will further improve the legal framework of intra-Community trade. The Member States should complete the work on cross-frontier mergers at the earliest opportunity.

With regard to the harmonization of laws on industrial property, two agreements have been drawn up on the Commission's initiative: one

provides for a standard procedure for awarding European patents, and the other regulates the effects of patents granted in the individual Member States of the Community. A diplomatic conference is planned for autumn 1973 for the signing of the first agreement. The signing of the second agreement by the representatives of the Member States, meeting within the Council, is scheduled for 1974.

The Commission requests the Member States to take the necessary steps to ensure that the agreements are ratified and implemented in 1976 at the latest.

The Commission will expedite the work undertaken in complementary fields: administration of national law on trade marks; agreements designed to extend to the entire Community the effects of a bankruptcy declared in any Member State.

## Taxation

40. Taxation obstacles are undoubtedly one of the main factors hindering the cross-frontier restructuration of undertakings. For this reason, as early as January 1969, the Commission forwarded to the Council two proposals for directives on the taxation system applicable to companies situated in different Member States. Although the Economic and Social Committee issued a favourable opinion in 1969 and the European Parliament in 1970, the Council has not yet ruled on this matter. The Commission would like the Council to rule this year on the question. The Commission will presently transmit additional proposals, in particular on the taxation of dividends and interest on bonds.

## Capital market

41. European industry cannot satisfactorily finance its expansion and modernization without an adequate capital market.

Most capital markets in the Member States are still national and operate in competition with the Eurocurrency market. Many medium-sized or large firms are thus faced on the one hand with a national financial market which is too restricted and on the other with a Eurocurrency market which their finances or national authorities prevent them from using. Measures designed to encourage the creation of a true European capital market will be taken in the context of the achievement of the second stage of economic and monetary union.

#### Specific measures

42. For small and medium-sized firms and projects, the financial and other problems encountered in trans-national operations, including both mergers and technological cooperation, are particularly acute. Two existing Commission proposals are aimed at remedying this. The Commission requests the Council to deliver its opinion, at the latest before the end of 1973, on its proposal relating to Community development contracts intended to support innovations made by firms either as a result of trans-national collaboration or in fulfilment of a Community interest acknowledged by the Council. The Commission has created this year a business cooperation centre to allow or to encourage cooperation and links between firms of different member countries.

43. In most Member States, major national financial institutions provide capital for industry (FCI, IMI, Kreditanstalt für Wiederaufbau, Crédit National, SNCI, Nederlandse Investeringsbank, etc.).

The Commission has invited these bodies to increase their collaboration, in conjunction with the European Investment Bank. Such collaboration, which would act not in competition with, but in addition to, private sources of financing, would tend to facilitate cross-frontier industrial restructuring, and also collaboration for the purpose of joint exports.

44. The Commission also intends to promote the creation of a facility for financing by risk capital. Despite the considerable efforts of private financial circles, young European firms with a high growth and innovation capacity often have difficulty in finding sufficient risk capital to finance their growth, particularly when their aim is cross-frontier mergers or cooperation. The Commission will invite the appropriate national financial institutions (ICFC, SNI, IMI, Nederlandse Handelsmaatschappij, etc.) to increase their collaboration by setting up suitable common financing mechanisms.

## Chapter IV

### Sectors with special problems: Advanced technology industries and industries in crisis

45. A joint industrial policy is based on the principle of optimum allocation of production factors. It must be backed by specific projects for Community sectors which have particular problems.

The Paris Summit Conference emphasized the promotion at European level of competitive undertakings in the advanced technologies and advocated the transformation and conversion (in acceptable social conditions) of industrial branches in crisis. The Commission no longer makes this clear-cut distinction between advanced technology sectors and sectors in transformation or in crisis. Recent experience shows that the former are not immune to crises, and that the likely solutions in the various sectors do not depend upon the age of their technologies.

46. However, there is a group of sectors — heavy capital goods — which have a common problem. Better information concerning market prospects and investment projects is necessary in order to enable the Community to foresee in good time risks of long-term shortages of raw materials, energy and key-products, and also to avert serious temporary overproduction resulting from large stepwise increases in production capacity in the heavy capital goods sectors.

The Commission will try to arrange a better flow of information, in close collaboration with employers and unions, while naturally ensuring respect for the principles of competition and of the freedom of decision of the firms concerned. Early information on investment projects may facilitate more rational utilization of public financial aid, both sectoral and regional.

47/48. A resources policy is necessary in order to ensure that the Community's industrial development is not impeded by shortages of raw materials; it is necessary to husband limited resources, to perfect substitute materials, to find new reserves and to develop recycling techniques. In order to be able to take action in good time, the Commission intends to make a systematic study of the Community's future needs. The Commission will make proposals this year concerning a certain number of non-ferrous metals.

49. The law of comparative advantage may in some sectors lead to the formation outside the Community of dominant or even monopolistic (computers and shipbuilding) positions, and more generally to strong pressure on imports (aircraft and paper). Unless corrective action is taken, the faster pace of technical and market evolution may have politically unacceptable social and even regional repercussions in some industries such as textiles.

50. Unrelated action by the separate Member States to correct particular situations is both ineffective and liable to distort competition. Paradoxically enough, it is the sectors in difficulty which have often derived the least benefit from the Common Market owing to the fragmentation caused by national intervention.

Effective coordination of the principal sectoral policies is therefore urgently necessary in order to cope with the above-mentioned difficulties. This task should be undertaken jointly with the Member States and both sides of industry.

51. The Commission has already presented, or shortly will present to the Council its proposals for sectors including the aircraft industry, data processing, heavy mechanical and electrical engineering, nuclear industry, uranium enrichment, shipbuilding, textiles and paper.

## Chapter V

### The consistency of the industrial policy with the other Community aims

52. The Community's industrial policy must contribute positively towards the achievement of its main economic and social objectives. Industrial policy is closely bound up with the implementation of programmes of specific action on social and regional matters, the environment<sup>1</sup> and research. Regarding industrial structures, the close link between industrial policy and competition policy was underlined in Chapter III. Certain aspects of the social, regional and commercial policies which are particularly tied up with industrial policy deserve a special mention in this chapter.

53. The aims of the industrial policy and of the social and regional policies coincide as regards employment. An efficacious industrial policy should help to create enough jobs for the Community's present and future population. In particular it should encourage the creation of work in the regions affected by various forms of unemployment and underemployment, and by structural transformations. Furthermore a special effort should be made to increase occupational mobility and thus facilitate the process of industrial modernization.

These social aspects (employment, working conditions, etc.) must be watched constantly in the sectors concerned to ensure that the necessary transformations are organized under socially acceptable conditions. The Commission recommends more systematic forecasting of regional, sectoral and occupational labour trends. Forecasts must be coordinated at Community level according to comparable standards. Measures to organize occupational training and retraining can then be properly orientated and given the backing of the new European Social Fund. It is particularly important to assess the consequences of structural transformations on the employment market as

far in advance as possible. Only in this way is it possible to take timely steps to ensure the necessary retraining of manpower and the creation of new employment in the affected area. These forecasts should embrace all the sectors, including those for which a manpower increase is probable, particularly the service sectors.

The Commission will shortly submit more precise suggestions concerning the requisite machinery to the Permanent Committee on Employment. It will also request the Council to express an opinion on its proposal for a directive concerning mass dismissals.

54. The Community's commercial and industrial policies are closely related: in pursuing a more open commercial policy Europe is not losing sight of the well-appreciated interests of its own industries. This means that its industrial policy must allow for the establishment of machinery to accomplish the necessary transformations, and new instruments to enable European industry to compete on equal terms against its rivals. With this in mind the Commission would like the Council to give particular attention to the following proposals.

55. The development of Community exports depends largely on the guarantee and export loan procedures, which are still far from completely harmonized. As a result there are major distortions of competition on non-Community markets, and a permanent risk of overbidding.

The Commission requests the Council to decide before the end of 1973 on the proposals before it.

56. The Commission also asks the Council to decide within the same period on its proposal for the institution of a guarantee for private investment in developing countries, which would be of great value not only for these countries but also for the Community industry.

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<sup>1</sup> Supplements 3/73, 4/73 and 8/73 — Bull. EC.

## Procedural arrangements

57. The above proposals are a first step towards a joint industrial policy. They do not exclude others which might be deemed urgent, or further developments which cannot now be forecast.

It is, however, desirable that projects should get under way in 1973. The present memorandum, for a first debate on guidelines is accompanied by a list of decisions which the Commission thinks the Council would do well to adopt during 1973 and the coming years (see Annex). As soon as the Council has finished discussing guidelines, and in any event before 31 December 1973, the Commission will present a complete timetable.

## **Annexes**

## Annex 1

### **List of the Council's and Member States' industrial and technological policy decisions which the Commission considers it is necessary to adopt in 1973**

The Commission expects the Council to adopt the following timetable in order to implement the projects called for by the Paris Conference statement.

1. *As to the removal of technical barriers to trade*

adoption before 1 January 1974 of the Directives listed in Annex 2;

adoption before 1 July 1974 of the Directives listed in Annex 3;

adoption before 1 January 1975 of the Directives listed in Annex 4;

adoption before 1 January 1976 of the Directives listed in Annex 5;

adoption before 1 January 1977 of the Directives listed in Annex 6;

adoption before 31 December 1977 of the Directives listed in Annex 7.

Wherever possible the Council will use the quick, flexible 'adjustment to technical progress' procedure provided for in its Resolution of 1969.

2. *As to the gradual and effective introduction of open bidding for public contracts*

the Council will take action before 1 January 1974 on the draft Directive of 15 March 1971 coordinating the procedures for awarding public supply contracts.

3. *As to the removal of the fiscal barriers which impede the linking up of undertakings*

the Council will before 1 January 1974 adopt the two draft Directives of 1969 relating (a) to the common tax system applicable to mergers, scissions and contributions of assets occurring between companies established in different

Member States and (b) to the common tax system applicable to parent and subsidiary companies established in different Member States.

4. *As to the removal of the legal barriers which impede the linking up of undertakings*

The Council will take action before 1 July 1974 on:

the proposed Directive concerning the formation and capital of *société anonyme* type companies;

the proposed Directive concerning internal mergers of *sociétés anonymes*;

the proposed Directive concerning the annual accounts of Member States' limited liability companies.

The Member States undertake:

to sign, before 1 July 1974, the agreement on trans-national mergers;

to introduce without delay the procedures for ratification of the agreement on bankruptcy effects;

and to implement not later than 1 January 1976 the two agreements on patents.

The Council agrees to start examining the European companies project and the proposed directives on the structure of such companies after the European Parliament and the Economic and Social Committee have given their opinions, so that the texts may be adopted as rapidly as possible.

5. *As to the European-scale promotion of competitive advanced-technology undertakings*

The Council will take action before 1 January 1974 on:

(a) the draft Regulation on the setting up of joint undertakings in the field of application of the EEC Treaty;

(b) the draft Regulation on the implementing of Community industrial development contracts.



6. *As to the conversion and modernization of industrial branches in a state of crisis*

The Council will take action before 1 January 1974 on:

the proposed Directive on mass redundancies;

the proposals on the action to be taken in the aeronautical sector as a matter of industrial and technological policy.

7. *As to industrial and technological co-operation with non-member countries*

The Council will, before 1 January 1974, adopt the proposals for:

a Regulation on governmental measures affecting the rates of interest on credits for exports to industrialized countries and state-trading countries;

a Resolution establishing common principles and a management procedure for the duration of the credit guarantees for exports to certain non-member countries;

a Regulation setting up a Community system of guarantees for private investment in non-member countries.

*Annex 2*

**Proposals for Directives to be adopted by the Council before 1 January 1974**

*Foodstuffs*

Emulsified sauces  
Caseins and caseinates  
Natural mineral waters  
Ales and beers  
Edible ices  
Sugar confectionery  
Bread

*Motor vehicles*

Signalling equipment  
Electrical points for trailers  
Interior fittings (2 proposals)  
Safety glass  
Anti-theft devices

*Measuring instruments*

Medical thermometers  
Precision weights  
Pre-packaging of liquids  
Graduated bottles

*Electrical equipment*

Disturbances due to portable tools  
Disturbances due to fluorescent lighting  
Electrical equipment for use in explosive atmospheres

*Fertilizers*

*Cosmetics*

*Wheeled agricultural and forestry tractors*

Specifications and components already dealt with in proposals

*Reinforced plastic tanks*

For the carriage of dangerous substances

*Annex 3*

**Proposals for Directives to be adopted by the Council before 1 July 1974**

*Foodstuffs*

Yeasts  
Extracts and essences of coffee, tea and similar substances

Mustard  
Non-emulsified sauces  
Fine breads, pastries and biscuits

#### *Annex 4*

#### **Proposals for Directives to be adopted by the Council before 1 January 1975**

##### *Foodstuffs*

Tapioca  
Malt extracts

##### *Motor vehicles*

Lighting (systems — first special Directives)  
Safety belts  
Belt anchorages  
Head-rest  
Strength of seat and anchorage  
Reverse movement

##### *Tractors*

Braking system  
Lighting system  
Protection during work (cabins, cages)

##### *Mopeds*

Framework Directive

##### *Fuels*

Maximum lead content in motor fuels

##### *Fertilizers*

Ammonium nitrate

##### *Measuring instruments*

Electricity meters  
Water meters  
Prepacking of certain solids and liquids  
Conveyor belts  
Road tankers and rail tankers

##### *Aerosols*

##### *Electrical equipment*

Disturbances due to scientific equipment

##### *Dangerous substances and preparations*

Pesticides  
Paints and varnishes (labelling)

##### *Pressure vessels*

Framework Directive  
Non-welded bottles and cylinders  
Aluminium bottles and cylinders  
Welded bottles and cylinders

#### *Annex 5*

#### **Proposals for Directives to be adopted by the Council before 1 January 1976**

##### *Motor vehicles*

Special Directives

### ***Tractors***

Acceptance procedures for tractors with a maximum speed exceeding 25 km/h

Dimensions and weight (one or more Directives)

Motor (one or more Directives)

Steering system

### ***Mopeds***

Permissible noise level

Engine power

### ***Motorcycles***

Acceptance procedures

### ***Civil engineering plant and equipment***

Acceptance procedures

Permissible noise level

### ***Detergents***

Toxicity

Method of measuring the biodegradability of non-ionic surface-active agents

### ***Fuels***

Maximum sulphur content in domestic fuel oils

### ***Measuring instruments***

Determination of moisture level in cereals

General measuring of liquids other than water

Differential-pressure gas meters (throttle type)

### ***Dangerous substances and preparations***

Explosive preparations

Household products

Restrictions on use of certain substances in paints and varnishes

### ***Pressure vessels***

Special Directive(s)

### ***Non-electrical heating, cooking and water-heating equipment***

Framework Directive

### ***Lifting equipment***

Lifts and hoists

### ***Tableware and kitchen utensils***

Maximum lead and cadmium content in tableware

### ***Textiles***

Removal of additives

### ***Toys***

Framework Directive

### ***Cements and building materials***

Classification of cements

### ***Electrical equipment***

Electrical X-ray and medical equipment

## *Annex 6*

### **Proposals for Directives to be adopted by the Council before 1 January 1977**

#### *Motor vehicles*

Final Directives

#### *Pleasure boats*

Acceptance procedures

Water pollution

#### *Tractors*

Final Directives

#### *Mopeds*

Lighting system

Braking system

#### *Motorcycles*

Initial implementing Directives

#### *Detergents*

Methods of measuring the biodegradability of  
ampholyte surface-active agents

Methods of measuring the biodegradability of  
cationic surface-active agents

#### *Dangerous substances and preparations*

Corrosive substances

#### *Liquid fuels*

Composition of certain liquid fuels

#### *Measuring instruments*

Butyrometer

Sorters and screening devices

Equipment for measuring the level of certain  
polluting gases in the air

Heat output meters

#### *Pressure vessels*

Final Directives

#### *Non-electrical cooking, space-heating and water-heating equipment*

First special Directives

#### *Lifting equipment*

Civil engineering materials hoist

Conveyor belts

Cranes

#### *Tools and machine tools subject to type approval*

Wood-working machines

Grindstones and milling machines

#### *Toys*

First special Directives

#### *Packaging*

Biodegradability of packagings

#### *Cements and building materials*

Glass and ceramic products

*Textiles*

Sampling

'Non-woven'

*Electrical material*

Power points

*Oilpipes and gas pipes*

Materials used

*Annex 7*

**Proposals for Directives to be adopted  
by the Council before 31 December 1977**

*Pleasure boats*

Special Directives

*Mopeds*

Final Directives

*Motorcycles*

Final Directives

*Civil engineering plant and equipment*

Special Directives

*Dangerous substances*

Type approval

*Measuring instruments*

Final Directives

*Tableware and kitchen utensils*

Goods subject to type approval (pressure cookers, etc.)

*Non-electrical space-heating, cooking  
and water-heating equipment*

Final Directives

*Cements and building materials*

Final Directives

*Metal scaffolding*

Scaffolding components

*Firefighting and anti-fire equipment*

Special Directives

*Personal protective clothing and equipment*

Special Directives

*Sporting guns and ammunition*

Special Directives

*Toys*

Final Directives

*Equipment using ionizing rays*

Industrial radiography equipment

Other Directives

*School equipment*

Articles for schools

Other special Directives.

*Mechanical conveyors*